

## **The complaint**

Ms G's complaint is about a joint second charge mortgage taken out in 2019 that is secured on a property in her sole name. She considers that Equifinance Limited shouldn't have granted the loan for the amount it did, as the property was only in her name and so only her income should have been taken into account when affordability was assessed. This, Ms G believes, would have meant the mortgage would have been more affordable when her ex-partner stopped making payments to it. As such, Ms G doesn't believe she was treated fairly and thinks the mortgage, because of the amount advanced, was not in her best interests and irresponsible lending.

## **What happened**

In 2019 Ms G and her then partner applied for a joint second charge mortgage on the home they shared, but which Ms G owned with a mortgage. The mortgage was arranged on a repayment basis over a term of ten years and advanced £15,000 plus fees. They both signed the mortgage offer to accept the loan on 4 July 2019.

Ms G informed us of her concerns in June 2022. We passed those concerns on to Equifinance, as it hadn't previously been made aware of the complaint.

Equifinance responded to Miss G in a letter of 6 July 2022. It explained that it provided second charge mortgages, including those in joint names, where there is a sole property owner. That was the type of mortgage Ms G and her ex-partner entered into at their request. As it was a joint application, both applicant's income and expenditure were taken into account. It was satisfied it had lent responsibly, as it was required to by the regulator.

Ms G remained unhappy and asked us to consider the complaint. One of our investigators did so, but didn't recommend that it be upheld.

Ms G didn't accept the investigator's conclusions. She said that she didn't think it was fair that both parties' income was used to assess the affordability of the mortgage, when her ex-partner had no interest in the property being used as security. As such, she asked that the complaint be referred to an ombudsman.

Our investigator referred the complaint to an ombudsman, but also responded to Ms G's comments. She explained that joint borrower, sole ownership mortgages are not unusual and in such a situation it is not unreasonable for the lender to take both applicants incomes into account when assessing affordability.

## **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Ms G and her then partner applied for a joint mortgage secured on the property they lived in together, but for which Ms G only was on the property title. While Ms G has indicated the money was to be used for her ex-partner's benefit, it was a joint application. In the

circumstance where two people in a relationship, residing together asked for joint borrowing, it was not unreasonable that their joint income and expenditure was taken into account when the affordability of that borrowing was assessed. The fact that only one of them was on the property deeds doesn't change that. Although it is appropriate in such circumstances, for the lender to encourage the parties to take legal advice to ensure they understand the consequences for them of the arrangement, which Ms G has confirmed happened.

Such an affordability assessment was completed. I have seen it and it showed that the second charge mortgage was clearly affordable and there would be a significant amount of disposable income left in the household after both the first and second charge mortgages and all other household expenses were paid.

It is unfortunate that Ms G's circumstances have changed appreciably, in that she has split up from the joint borrower and he is no longer contributing to the joint debt. However, that doesn't mean that Equifinance was wrong to have granted the mortgage or that it was wrong to take the entire household income into account when assessing the application. As such, I can't find that the lending was irresponsible, or Ms G was treated unfairly at the time of the application.

### **My final decision**

My decision is that I do not uphold this complaint. Under the rules of the Financial Ombudsman Service, I am required to ask Ms G to accept or reject my decision before 22 February 2023.

Derry Baxter  
**Ombudsman**